

## Message Text

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PAGE 01 GENEVA 04593 01 OF 02 181924Z

42

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00 AGR-20

CEA-02 CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11

INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 FEAE-00 OMB-01 SWF-02 OIC-04 DRC-01 AF-10 /249 W

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R 181720Z JUL 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 7181

AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BONN

AMCONSUL HONG KONG

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 4593

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT TEXTILES SURVEILLANCE BODY (TSB) -  
SESSION OF JULY 11-12

REF: GENEVA 4158

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PAGE 02 GENEVA 04593 01 OF 02 181924Z

1. SUMMARY: CHAIRMAN WURTH CONVENED TSB MORNING JULY 11. TWO SESSIONS HELD JULY 11 AND BODY WAS ADJOURNED FOLLOWING EXTENDED SINGLE SESSION JULY 12. WILL RECONVENE FOR NEXT SESSION JULY 25-27, BUT, VIEW UPCOMING HOLIDAY PERIOD, WILL NOT MEET IN AUGUST. WAS AGREED RECONVENE MID-SWPTEMBER WITH PRECISE DATE TO BE SET AT NEXT MEETING. BODY: (A) APPROVED WITHOUT AMENDMENT SECRETARIAT REPORT OF JUNE 27-28 SESSION, (B) FURTHER DISCUSSED AND GAVE FINAL APPROVAL OF FORMAT FOR MEXICO (NON-CP TO GATT) PRESENTATION OF ITS JUSTIFICATION (UNDER TERMS ARTICLE 2) FOR MAINTENANCE OF EXISTING TEXTILE IMPORT RESTRAINTS REFTEL PARA 7); (C) REVIEWED NOTIFICATION BY U.S. OF U.S.-EGYPT BILATERAL; (D) CONTINUED DISCUSSION OF FORM AND EXTENT PARTICIPATION MEMBER OF BODY WHEN HIS COUNTRY WAS PARTY TO DISPUTE BEFORE IT; AND (E) CONCLUDED SESSION WITH LENGTHY, OFTEN ANIMATED, BUT INCONCLUSIVE DEBATE OVER EXTENT AND DEPTH TO WHICH TSB WOULD INVOLVE ITSELF IN REVIEW AND POSSIBLE "FORMULATION OF RECOMMENDATIONS" VIS-A-VIS ARTICLE 4 BILATERALS SUBMITTED TO TSB FOR REVIEW. END SUMMARY.

2. FORM AND MANNER OF U.S. NOTIFICATION EGYPT BILATERAL THREATENED PRODUCE MINOR FLAP (AND SOME POTENTIAL EMBASSASSMENT FOR U.S. REP). TRANSMITTAL FROM WHASHINGTON TO MISSION HERE CONTAINED NO REFERENCE TO ARTICLE UNDER WHICH AGREEMENT WAS BEING NOTIFIED. UNDERSTANDABLY, MISSION MADE SIMPLE TRANSMITTAL TO SECRETARIAT. SECRETARIAT, ON ITS OWN DECISION, CIRCULATED TEXT TO TSB AS "NOTIFICATION" UNDER ARTICLE 4. U.S. REP WAS NOT AWARE OF CIRCUMSTANCE OF CIRCULATION UNTIL COPY RECEIVED AT OPENING SESSION. WHEN BILATERAL CAME UNDER REVIEW, KOREAN, YUGOSLAV, MEXICAN AND PAKISTAN REPS TOOK POSITION THAT, IF U.S. WAS NOTIFYING AGREEMENT AS NEW AGREEMENT UNDER ARTICLE 4, THE TEXT ITSELF POSED OBVIOUS QUESTIONS AS TO CONSONANCE WITH PROVISIONS OF ARTICLE 4 NOT TO MENTION FACT THAT NOTIFICATION CAME CONSIDERABLY AFTER "THIRTY DAYS FROM EFFECTIVE DATE" (JANUARY 1, 1974) U.S. REP IN RESPONSE, REGRETTED CONFUSION CAUSED BY FAILURE U.S. STATE UNDER WHAT ARTICLE EGYPT BILATERAL WAS BEING NOTIFIED, FURTHER REGRETTED THAT SECRETARIAT, ON OWN INITIATIVE, HAD, WITHOUT CONSULTATION WITH U.S. CIRCULATED IT AS AN ARTICLE 4 NOTIFICATION. POINTED OUT (A) THAT TEXT CLEARLY INDICATED THAT AGREEMENT WAS AN INTERIM ARRANGEMENT; (B) HAD A RETROACTIVE LIMITED OFFICIAL USE

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PAGE 03 GENEVA 04593 01 OF 02 181924Z

EFFECTIVE DATE AND THEREFORE WAS IN EFFECT SIMULTANEOUSLY WITH ARRANGEMENT; AND (C) THAT NOTIFICATION SHOULD PROPERLY HAVE BEEN UNDER THE PROVISIONS OF ARTICLE 2, PARAS 3 AND 4. UNLESS INSTRUCTED TO CONTRARY BEFORE JULY 25 PHELAN INTENDS INFORM BUDY THAT USG WAS REPORTING AGREEMENT AS INTERIM DEVELOPMENT IN CONTINUING NEGOTIATIONS WITH EGYPT AND, WHEN NEW ARRANGEMENT IS CONCLUDED, IT WILL BE REPORTED BY USG UNDERPROVISION ARTICLE 4. THIS ACTION SHOULD REMOVE ISSUE FROM TSB CONSIDERATION.

4. UNDER PRESSURE FROM CONSIDERABLE NUMBER TEXTILE COMMITTEE PARTICIPANTS NOT REPRESENTED ON TSB, DOBY RETURNED TO QUESTION OF ASSURANCE OF EQUITY OF TREATMENT OF NON-TSB COUNTRY IN DISPUTE WITH COUNTRY REPRESENTED ON TSB. PREVIOUS DEBATE ON THIS ISSUE HAD BEEN POLARIZED. ON ONE SIDE THOSE WHO FELT THE MEMBER SHOULD BE EXCUSED FROM PARTICIPATION IN THE DELIBERATIONS AND FORMULATION OF RECOMMENDATIONS AND ON THE OTHER BY THOSE WHO SAW THE MEMBER AS STAYING THROUGH THE PROCESS TO THE END BUT ALLOWING THE ADVOCATE OF THE NON-MEMBER COUNTRY TO REMAIN THROUGHOUT AND PARTICIPATE IN DELIBERATIONS, FORMULATION OF RECOMMENDATIONS AND CONSENSUS; IN EFFECT, MAKING HIM A MEMBER FOR THAT OCCASION. EC WAS STRONGLY OPPOSED TO LATTER POSITION ON GROUNDS THAT "BALANCE" IN BODY WOULD BE DESTROYED. U.S. REP AND OTHERS WERE CONVINCED THAT IF TSB COULDN'T RESOLVE ISSUE BEFORE NEXT TC MEETING IT WOULD BE THROWN BEFORE TC WITH COMPLETELY UNPREDICTABLE RESULTS. EC, JAPAN AND U.S. REPS IN SERIES PRIVATE CONSULTATIONS WITH OTHER MEMBERS CONCLUDED THAT UNDERLYING CONCERN OF NON-TSB COUNTRIES WAS THAT TSB MEMBER COULD, UNDER THE TSB'S AGREED "CONSENSUS" RULE, EFFECTIVELY VETO ANY TSB RECOMMENDATION FAVORING A NON-TSB MEMBER IN A DISPUTE. TO ALLAY THIS FEAR AND THEREBY AVOID HAVING THE QUESTION BEFORE THE TC, MEMBERS HAVE JOINTLY WORKED OUT A COMPROMISE WHICH NOW APPEARS ACCEPTABLE TO ALL. THE TSB MEMBER WILL REMAIN PRESENT AND PARTICIPATE FULLY THROUGHOUT HEARINGS., DELIBERATIONS AND DRAFTING OF RECOMMENDATIONS BUT IT WILL BE UNDERSTOOD, HOWEVER, THAT HIS ASSENT OR CONCURRENCE IN RECOMMENDATIONS WILL NOT BE REQUISITE TO A CONSENSUS OF THE BODY. SINCE THIS APPROACH SEEMS TO BE THE ONLY FEASIBLE SOLUTION TO THE ISSUE, THE U.S. REP INTENDS SUPPORT IT UNLESS INSTRUCTED TO THE CONTRARY BEFORE NEXT SESSION.

5. THE TSB INTERNAL DEBATE OVER ITS PROPER FUNCTION IN THE REVIEW LIMITED OFFICIAL USE

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PAGE 04 GENEVA 04593 01 OF 02 181924Z

AND POSSIBLE FORMULATION OF RECOMMENDATIONS ON ARTICLE 4 BILATERAL AGREEMENTS HAS REACHED A RATHER DELICATE POINT. ON ONE HAND NO TSB MEMBER OVERTLY PROPOSING DEROGATION OF TSB RIGHTS AND OBLIGATIONS DERIVING FROM ARRANGEMENT COULD EXPECT OVERT SUPPORT FROM ANY OTHER MEMBER. THUS THERE IS NO QUESTION OF CHALLENGING TSB OBLIGATION TO REVIEW ARTICLE 4 BILATERALS OR ITS "RIGHT" TO MAKE RECOMMENDATIONS IF DEEMED NECESSARY. ON OTHER HAND, THERE IS CLEAR DANGER THAT, UNLESS THERE IS SOME UNDERSTANDING WITHIN TSB AS TO LIMIT BODY WILL PROBE OR TRY TO PROBE IN ASCERTAINING CONSONANCE OF AGREEMENTS WITH PROVISIONS ARTICLE 4, PARAS 2 AND 3 (ESPECIALLY IN THE ABSENCE OF A COMPLAINT BY EITHER OF THE PARTIES TO THE AGREEMENT OR BY A LEGITIMATE COMPLAINT FROM A THIRD PARTY), THERE IS ALWAYS THE POSSIBILITY THAT SOME INHIBITION TO COMPREHENSIVE BILATERAL AGREEMENTS MAY ARISE. IN THIS CONNECTION, US REP

HAS PRIVATELY INFORMED ALL TSB MEMBERS AND CHAIRMAN THAT ANY. . . .

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PAGE 01 GENEVA 04593 02 OF 02 181926Z

44

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-14 IO-14 ISO-00 AF-10

RSC-01 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-03

H-03 INR-11 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 FEAE-00 OMB-01 SWF-02 OIC-04 DRC-01 /249 W

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R 181720Z JUL 74

FM USMISSION GENEVA

TO SECSTATE WASHDC 7182

AMEMBASSY BELGRADE

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LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 4593

TSB ACTION WHICH IN ANY WAY RESULTED IN AN INTERPRETATION  
THAT TSB VERIFICATION OF "REAL RISKS OF MARKET DISRUPTION"  
(ARTICLE 4 PARA 2) WA APPLICABLE TO ALL CATEGORIES OF GOODS  
COVERED IN BILATERAL AGREEMENTS WOULD BE UNACCEPTABLE TO  
USG. HAVE FURTHER POINTED OUT POSITION U.S. NEGOTIATORS

TOOK ON INTERPRETATION ARTICLE 4 THROUGHOUT NEGOTIATIONS  
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PAGE 02 GENEVA 04593 02 OF 02 181926Z

LEADING TO ARRANGEMENT. HAVE PRIVATELY DISCUSSED WITH SEVERAL  
MEMBERS TSB THIS PROBLEM, POSPOSING ESSENTIALLY THAT WE REACH  
TACIT UNDERSTANDING THAT: AS LONG AS BOTH PARTIES TO A BILATERAL  
AGREEMENT AND SO STATED THAT THE BILATERAL WAS FULLY RESPONSIVE TO  
THE  
REQUIREMENTS OF ARTICLE 4 AND THERE WAS NO LEGIMATE COMPLAINT  
FROM A THIRD PARTY, THE TSB REVIEW FUNCTION SHOULD BE PRO-FORMA  
AND THAT ANY SUBSTANTIVE RECOMMENDATIONS WOULD BE INAPPROPRIATE AND  
QUITE LIKELY HARMFUL. CHAIRMAN WURTH HAS INDICATED THAT HE THINKS  
THERE SHOULD BE "FURTHER REFLECTION" ON THIS ISSUE AND, AT NEXT  
MEETING, WILL PORPOSE DEFERRAL FURTHER FORMAL DISCUSSION UNTIL ALL  
MEMBERS HAVE HAD FULL OPPORTUNITY TO CONSULT. THIS IT WILL NOT  
ARISE AGAIN UNTIL SEPTEMBER SESSION. DALE

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, IMPORTS, AGREEMENTS, MEETINGS, IMPORT CONTROLS, COMMITTEE MEETINGS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Film Number:** D740193-0932  
**From:** GENEVA  
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**Legacy Key:** link1974/newtext/t19740739/aaaabgwn.tel  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GATT TEXTILES SURVEILLANCE BODY (TSB) - SESSION OF JULY 11-12  
**TAGS:** ETRD, GATT, TSB-TEXTILES SURVEILLANCE BODY, (WURTH)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005